

Message Text

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73

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 H-02 INT-05 FEA-01 OES-03 PA-01 PRS-01

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R 041820Z AUG 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 6162

C O N F I D E N T I A L LIMA 6215

EO 11652: GDS

TAGS: EINV, ENRG, PFOR, PINT, PE

SUBJ: MARCONA NATIONALIZATION - OCCIDENTAL VIEWS

REFS: A. LIMA 6029; B. LIMA 5962

1. OCCIDENTAL PETROLEUM LAWYER-ADVISOR, STANLEY ROSE, U.S. CITIZEN, CALLED ON EMBASSY OFFICER AUGUST 1 TO OBTAIN INFORMATION ABOUT MARCONA NATIONALIZATION. EMBASSY OFFICER EXPLAINED BASIC LEGAL RAMIFICATIONS TO ROSE AND NOTED THAT THE EMBASSY IS ATTEMPTING TO MAKE KNOWN TO GOP OUR CONCERN OVER THE NECESSITY FOR AN AMICABLE SETTLEMENT. ROSE NOTED, AS HAD HIS SUPERIORS, SEE REF A, THAT OXY IS QUITE "UNSETTLED" BY MARCONA NATIONALIZATION. ROSE, IN PARTICULAR, SIAD THAT HE IS SEEKING INFORMATION ABOUT ANY INSURANCE MECHANISM THAT U.S. COMPANIES MAY HAVE IN PERU TO PROTECT THEM AGAINST EXPROPRIATION LOSSES. (ROSE UNDERSTANDS OPIC EXPROPRIATION INSURANCE IS NOT WRITTEN FOR PERU.) ROSE IMPLIED THAT MARCONA NATIONALIZATION WILL MAKE IT MORE DIFFICULT FOR OXY TO OBTAIN BANK FINANCING FOR ITS SPUR LINE, IF AND WHEN THAT TIME COMES.

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2. COMMENT: TONE AND MANNER OF MARCONA NATIONALIZATION

HAVE MANAGED TO RAISE LEVEL OF CONCERN OF BOTH MAJOR
U.S. INVESTORS IN PERU, OXY, AND SPCC.(SEE SEPTTEL). IT
IS PREMATURE TO PREDICT WHETHER OXY MIGHT CONSIDER DROPPING
ITS PROJECT, BUT OCCIDENTAL HEADQUARTERS IS UNDOUBTEDLY
HAVING SOME SECOND THOUGHTS ABOUT INVESTING \$240 MILLION
MORE IN PERU AT THIS TIME.
DEAN

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Message Attributes

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06 JUL 2006

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